

Message Text

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ACTION EA-14

INFO OCT-01 ADP-00 CIAE-00 COME-00 EB-11 INR-09 LAB-06

NSAE-00 RSC-01 SIL-01 DODE-00 PA-03 USIA-12 PRS-01

OMB-01 CEA-02 SS-14 NSC-10 TRSE-00 RSR-01 INRE-00

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P R 271308 Z MAR 73

FM AMEMBASSY SUVA

TO SECSTATE WASHDC PRIORITY 1872

INFO AMEMBASSY WELLINGTON

C O N F I D E N T I A L SUVA 0189

E. O. 11652: GDS

TAGS: ECON, FJ, US.

SUBJECT: GOVT OF FIJI ASKS US ASSISTANCE LOCATE PRICE STABILITY
EXPERT.

REFERENCE: SUVA 186.

1. MIN COMMERCE KHAN CALLED IN EMBOFF MARCH 26 TO REQUEST USG ASSISTANCE LOCATE INDIVIDUAL EXPERT PREFEREABLY ACADEMICIAN WITH SOME GOVERNMENT EXPERIENCE TO BE CHAIRMAN PROPOSED GOF WAGES AND PRICES CONTROL BOARD. KHAN STATED GOV VIRTUALLY COMMITTED IMPLEMENTATION FREEZE ON OR ABOUT MAY FIRST FOR REASONS GIVEN REFTTEL AND THEREFORE SEEKS SOMEONE WHO COULD ARRIVE FIJI DURING MAY BUT NO LATER THAN JUNE FIRST. TASK TO BE PERFORMED BY CHAIRMAN WOULD BE TO " WRITE PHASE TWO" OF A WAGES AND PRICES POLICY INCLUDING THE ORGANIZATION OF A WAGE PRICE CONTROL BOARD OVER WHICH CHAIRMAN WOULD PRESIDE AND IMPLEMENTATION OF LEGISLATION. KHAN SAID GOF WILLING OFFER SALARY IN \$28,000 RANGE PLUS HOUSING AND WOULD WANT SOMEONE TO STAY ONE TO THREE YEARS. SALARY SUBJECT LOCAL TAXES WHICH COULD CLAIM NEARLY FIFTY PERCENT GROSS INCOME.

2. EMBOFF TOLD KHAN IT UNLIKELY US COULD LOCATE QUALIFIED CANDIDATE SO RAPIDLY AND QUESTIONED ADEQUACY OF SALARY. KHAN
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PERSISTED AND EMBOFF AGREED APPROACH DEPARTMENT DETERMINE IF
SUITABLE INDIVIDUAL COULD BE LOCATED. KHAN UNFORTUNATELY VAGUE
AS TO TYPE PERSON GOF HAS IN MIND AND IT EVIDENT HE AND PERHAPSUGH WE
DO

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HAVE RESPONSIBILITIES TO OUR CITIZENS AND ENTITIES - NOR IN
U. S. GOVERNMENTAL ATTITUDES TOWARD THE CHILEAN EXPERIMENT.
WE, TOO, HAVE ISSUES OF BROAD PRINCIPLE AND APPLICABILITY THAT
FRAME OUR POSITIONS.

2. TESTA THEN PURSUED IDEA THAT IT OUGHT TO BE POSSIBLE TO FIND A
SOLUTION " INVOLVING PAYING THE COPPER COMPANIES OVER SOME
PROTRACTED PERIOD, LIKE TWENTY YEARS." IN THE COURSE OF TALK,
HE MADE FAIRLY CLEAR THAT HE HAD IN MIND SOME U. S. HELP, ADDITIONAL
CREDITS OR OTHER FINANCIAL EASEMENT AS A COROLLARY TO A MORE
FORTHCOMING CHILEAN ATTITUDE ON COMPENSATION. HE ALSO MADE
A GOOD DEAL OF CHILE' S LEADERSHIP ROLE IN THE ANDEAN PACT, AND
THE USEFULNESS TO THE UNITED STATES OF BUILDING A BETTER RE-
LATIONSHIP WITH THIS GROWING FORCE IN HISPANIC SOUTH AMERICA.
IT INTERESTED ME THAT HE DID NOT MAKE MUCH OF THE 1914 TREATY
(PERHAPS NOT BEING FULLY INFORMED OF CHILE' S CURRENT POSITION)
NOR DID HE EXPRESS OPTIMISM REGARDING THE POSSIBILITIES WHICH
MIGHT BE EXPECTED FROM OUR TALKS JUST HELD IN WASHINGTON. IN
THIS LATTER CONNECTION HE REFERRED TO THE DIFFICULTY OF PUBLICLY
ANNOUNCED CONVERSATIONS IN WHICH THERE ARE A NUMBER OF ACTORS
AND POINTS OF VIEW REPRESENTED. IMPLYING HE HAD A RELATIONSHIP
WITH PRESIDENT ALLENDE, TESTA INDICATED HE MIGHT WANT TO PRESENT
SOME FURTHER IDEAS ON ANOTHER OCCASION. I SAID I WOULD OF COURSE
BE HAPPY TO HEAR HIS VIEWS, AND WAS PLEASED TO MEET AND KNOW HIM.

3. COMMENT: I RECEIVED THE DEPARTMENT' S ACCOUNT OF THE
WASHINGTON TALKS A COUPLE OF HOURS AGO. THE QUESTION ARISES
WHETHER TESTA' S REMARKS REFLECTED THE COURSE OF THE TALKS,
BUT I AM INCLINED TO DOUBT IT. I THINK WE SHOULD BE CAUTIOUS
IN ANY CONCLUSION THAT TESTA HAD SOME SORT OF PRESIDENTIAL
INSPIRATION OR INSTRUCTION (IN THE ABSENCE OF ANY EVIDENCE THAT HE
REALLY DID). I HAVE SOME FEELING TESTA WOULD BE HAPPY TO GET
HIMSELF INTO THE ACT, AND WE SHALL SEE WHETHER HE COMES FORWARD
WITH SOME MORE SUBSTANTIVE INITIATIVE. AS I REPORTED IN
SANTIAGO 1154, THERE ARE A LOT OF CHILEANS WHO ARE TRYING TO
MANUEVER THEMSELVES INTO THIS MATTER AD PURSUE VARIOUS KINDS
OF INTERESTS IN THIS SOMEWHAT AGITATED TIME.
DAVIS

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